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SUBJECT: KAZAKHSTAN: "KAZENERGY" LOBBYING ASSOCIATION  
MAKES A SPLASH

¶1. (SBU) Summary: "KazEnergy," Kazakhstan's new "power industry" association founded by presidential son-in-law Timur Kulibayev, made its public debut the week of September 5 by organizing the first annual "Eurasia Energy Forum" in Astana. The high-level GOK and private sector attendance at the conference, as well as the corridor "buzz," suggests that Kulibayev's association, though less than a year old, has already eclipsed its well-established rival, the Kazakhstan Petroleum Association (KPA), in importance. End summary.

#### KazEnergy Debut

¶2. (SBU) KazEnergy, founded by Kulibayev in November 2005, organized the first annual "Eurasia Energy Forum" September 5-7 in Astana. The conference drew headline GOK speakers, including Deputy Prime Minister Masimov and Minister of Industry and Trade Shkolnik, and was well-attended - especially those sessions chaired by Kulibayev. Kulibayev used his opening address to underscore KazEnergy's role in influencing Kazakhstan's legislative and regulatory processes, as well as to propose that the government establish an inter-ministerial commission in order to simplify governmental relations with energy companies.

¶3. (SBU) KazEnergy's founding documents describe the organization as an "independent, non-commercial union" created to "promote favorable conditions for the development of the fuel and energy sector." Echoing Kulibayev's Forum address, KazEnergy's website ([www.kazenergy.com](http://www.kazenergy.com)) justifies the creation of the association by "the necessity to build a dialogue between the oil & gas and energy organizations, the state bodies, and the public."

#### Membership Roll

¶4. (SBU) KazEnergy currently counts 29 members, though anecdotal evidence suggests that numerous other companies are in the process of joining. (A representative of one oil major, present for the conference, told Econoff that his management had made a big mistake in not joining KazEnergy upon the first opportunity -- "a lobbying group with Kulibayev in charge? What a no-brainer!" - and was now scrambling to get in.) While oil majors and KazMunaiGas (KMG) subsidiaries dominate the membership list, the association is meant to encompass electrical and nuclear energy as well. Among the more interesting members is "Public Fund Munaishy," a charitable organization, chaired by Kulibayev's father Askar, which

grants financial support to veterans of the oil & gas industry.

#### Reasons to Join

15. (SBU) Econoff asked several oil company representatives what distinguished KazEnergy from the KPA. Most answers came down, in one way or another, to Kulibayev. One representative explained that in Kazakhstan, companies succeeded by virtue of having "special" relationships with key decision-makers - something which rendered useless the idea of a traditional industry association, which pooled the ideas and influence of its members in order to advance a common agenda. Among those key decision-makers, the explanation continued, Kulibayev was paramount. (As if to prove the benefits of membership, Kulibayev conducted a series of pre-arranged side meetings with industry representatives on the margins of the KazEnergy conference.)

16. (SBU) Another industry representative suggested that, while KMG belonged to the KPA, it had never really participated in KPA's activities, leaving the KPA with the reputation of being an "AmCham-like expat-only association." With half of its members being KMG subsidiaries, on the other hand, KazEnergy promised to represent the interests of -- and have the full backing of -- Kazakhstani companies. Shkolnik may have prevised this role for KazEnergy in his conference speech, which was devoted to the importance of increasing Kazakhstani local content and strengthening Kazakhstani company participation in the country's oil service sector.

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